

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

<b>In Re:</b>  <b>W.R. GRACE &amp; CO., et al.,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (JKF)</b>
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**FEE AUDITOR'S FINAL REPORT REGARDING  
FEE APPLICATION OF CARELLA, BYRNE,  
BAIN, GILFILLAN, CECCHI, STEWART & OLSTEIN  
FOR THE SIXTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein for the Sixteenth Interim Period (the "Application").

**BACKGROUND**

1. Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein ("CBBG") was retained as Special Litigation and Environmental Counsel to Debtors. In the Application, CBBG seeks approval of fees totaling \$9,796.00 and costs totaling \$148.98 for its services from January 1, 2005, through March 31, 2005.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing

Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on CBBG an initial report based on our review, and received a response from CBBG, portions of which response are quoted herein.

### DISCUSSION

3. In our initial report, we noted the following two time entries in which CBBG professionals may have billed their full hourly rate for non-working travel time.

01/21/05	RCS	Retrieve Grace trial exhibits admitted into evidence from Judge Cavanaugh's chambers with law clerk.	2.80	658.00
01/21/05	JF	Picked up exhibits from court with R Scrivo.	2.00	190.00

The Delaware Local Rules, rule 2016-2(d)(viii) states "Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates." We asked CBBG to confirm what portion, if any, of this time was spent traveling and to further confirm that a reduction of 50% is warranted. CBBG's response is provided below.

The total travel time associated with these two entries would be 50 minutes. Accordingly, CBBG voluntarily reduces these two time entries as follows:

RCS Travel Time .90 \$211 less 50% \$105.75  
JF Travel Time .90 \$85.50 less 50% \$42.75

Total voluntary reduction = \$148.50

The proper time entries with respect to the actual task should be RCS at 1.90 hours for a total of \$446.50 and JF at 1.1 hours for a total of \$104.50.

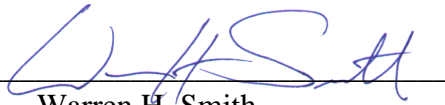
We appreciate the response and thus recommend a reduction of \$148.50 in fees.

### CONCLUSION

4. Thus we recommend approval of fees totaling \$9,647.50 (\$9,796.00 minus \$148.50) and costs totaling \$148.98 for CBBG's services from January 1, 2005, through March 31, 2005.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

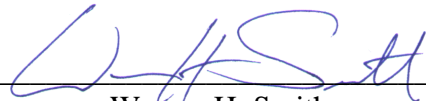
By:   
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**FEE AUDITOR**

### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 9<sup>th</sup> day of September, 2005.

  
Warren H. Smith

**SERVICE LIST**

Notice Parties

**The Applicant**

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